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HOUSING AUTHORITY OF THE CITY OF SULPHUR

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/15/09

HOUSING AUTHORITY OF THE CITY OF SULPHUR
SULPHUR, LOUISIANA

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HOUSING AUTHORITY OF THE CITY OF SULPHUR, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

DECEMBER 31, 2008

Housing Authority of the City of Sulphur, Louisiana

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2008

The management of Public Housing Authority of Sulphur, Louisiana presents the following discussion and analysis (MD&A) of the Housing Authority's financial activities for the fiscal year ending December 31, 2008. This represents an overview of financial information. Please read this discussion and analysis in conjunction with the Authority's Included audited financial statements.

FINANCIAL HIGHLIGHTS

- The primary source of funding for these activities continues to be subsidies and grants from the Department of Housing and Urban Development (HUD), whereas tenant rentals provide a secondary but also significant source of funding.
- The Housing Authority's assets exceeded its liabilities by \$4,301,570 at the close of the fiscal year ended 2008.
 - ✓ Of this amount \$2,904,054 represents a restriction equal to the net amount invested in land, building, furnishings, leasehold improvements, equipment, and construction in progress.
 - ✓ The remainder of \$1,397,516 of unrestricted assets could be used to meet the Housing Authority's ongoing obligations to citizens and creditors. As a measure of financial strength, this amount equals 63% of the total operating expenses of \$2,217,606 for the fiscal year 2008.
- The Housing Authority's total net assets decreased by \$799,915, a 16% change from the prior fiscal year 2007. This decrease is attributable to Frenchman's Creek Limited Partnership.
- The increase in net assets of these funds was accompanied by a increase in unrestricted cash by \$104,127 from fiscal year 2007, primarily due to spending less for operations and capital assets than Federal funds received.
- The Authority spent \$250,709 on capital asset additions and \$120,148 on construction in progress during the current fiscal year. The component unit of the Authority, the Frenchman's Creek Limited Partnership, incurred costs of \$3,140,894 on construction in progress during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the Housing Authority's basic financial statements. The Housing Authority is a special-purpose government engaged in business-type activities. Accordingly, only fund financial statements are presented as the basic financial statements, comprised of two components: (1) fund financial statements and (2) a series of notes to the financial statements. These provide information about the activities of the Housing Authority as a whole and present a longer-term view of the Housing Authority's finances. This report also contains other supplemental information in addition to the basic financial statements themselves demonstrating how projects funded by HUD have been completed, and whether there are inadequacies in the Authority's internal controls.

Reporting on the Housing Authority as a Whole

One of the most important questions asked about the Authority's finances is, "Is the Housing Authority as a whole better off, or worse off, as a result of the achievements of fiscal year 2008?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the Housing Authority as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Housing Authority of the City of Sulphur, Louisiana

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2008

Fund Financial Statements

All of the funds of the Housing Authority are reported as proprietary funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Housing Authority, like other enterprises operated by state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Housing Authority's financial statements report its net assets and changes in them. One can think of the Housing Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or financial position. Over time, increases and decreases in the Authority's net assets are one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as the changes in the Authority's occupancy levels or its legal obligations to HUD, to assess the overall health of the Housing Authority.

USING THIS ANNUAL REPORT

The Housing Authority's annual report consists of financial statements that show combined information about the Housing Authority's most significant programs:

- Low Rent Public Housing (which includes the component unit Frenchman's Creek Limited Partnership, a tax credit development program, See Note 1.A – Financial Reporting Entity)
- Housing Choice Vouchers
- Lower Income Housing Assistance Program (Section 8 Moderate Rehabilitation)
- Public Housing Capital Fund Program
- Shelter Care Plus
- Disaster Voucher Program

The Housing Authority's auditors provided assurance in their independent auditors' report with which this MD&A is included, that the basic financial statements are fairly stated. The auditors provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

Reporting the Housing Authority's Most Significant Funds

The Housing Authority's financial statements provide detailed information about the most significant funds. Some funds are required to be established by the Department of Housing and Urban Development (HUD). However, the Housing Authority establishes other funds to help it control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using grants and other money.

The Housing Authority's enterprise funds use the following accounting approach for Proprietary funds: All of the Housing Authority's services are reported in enterprise funds. The focus of proprietary funds is on income measurement, which, together with the maintenance of net assets, is an important financial indicator.

FINANCIAL ANALYSIS

The Housing Authority's net assets were \$4,301,570 as of December 31, 2008. Of this amount, \$2,904,054 was invested in capital assets, and the remaining \$1,397,516 was unrestricted. No other specific Assets are restricted. Also, there are no other restrictions on general Net Assets.

Housing Authority of the City of Sulphur, Louisiana

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2008

CONDENSED FINANCIAL STATEMENTS

Condensed Balance Sheet
(Excluding Interfund Transfers)
As of December 31,

	<u>2008</u>	<u>2007</u>
ASSETS		
Current assets	\$1,520,793	\$1,387,598
Capital assets, net of depreciation	<u>2,904,054</u>	<u>4,520,637</u>
Total assets	<u>4,424,847</u>	<u>5,908,235</u>
LIABILITIES		
Current liabilities	106,603	74,056
Non-current liabilities, including long term debt	<u>16,674</u>	<u>732,693</u>
Total liabilities	<u>123,277</u>	<u>806,749</u>
NET ASSETS		
Invested in capital assets, net of depreciation and related debts	2,904,054	3,802,081
Unrestricted net assets	<u>1,397,516</u>	<u>1,299,404</u>
Total net assets	<u>4,301,570</u>	<u>5,101,485</u>
Total liabilities and net assets	<u>4,424,847</u>	<u>5,908,235</u>

Housing Authority of the City of Sulphur, Louisiana

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2008

CONDENSED FINANCIAL STATEMENTS (Continued)

The net assets of these funds decreased by \$679,228, from those of fiscal year 2007, as the component unit, Frenchman's Creek Limited Partnership, is discretely presented in 2008.

**Condensed Statement of Revenues, Expenses, and Changes in Fund Net Assets
(Excluding Interfund Transfers)
Fiscal Year Ended December 31,**

	<u>2008</u>	<u>2007</u>
OPERATING REVENUES		
Tenant rental revenue	\$ 319,977	\$ 310,368
Other tenant revenue	2,300	1,800
Total operating revenues	<u>322,277</u>	<u>312,168</u>
OPERATING EXPENSES		
Federal Housing Assistance Payments (HAP) to landlords	828,945	823,742
Maintenance and repairs	410,872	373,277
Depreciation	353,324	339,633
Administration	333,772	309,345
General	156,897	126,097
Utilities	67,864	75,963
Extraordinary repairs	48,494	16,980
Protective services	16,560	--
Tenant services	878	2,299
Total operating expenses	<u>2,217,606</u>	<u>2,067,338</u>
(Losses) from operations	<u>(1,895,329)</u>	<u>(1,755,170)</u>
NON-OPERATING REVENUES		
Federal grants for operations	1,432,739	1,345,440
Other non-tenant revenue, including limited partnership revenue	124,763	954,412
Interest income	19,509	41,181
Total non-operating revenues	<u>1,577,011</u>	<u>2,341,033</u>
Income after non-operating revenues and expenses	(318,318)	585,863
OTHER CHANGES IN NET ASSETS		
Federal grants for capital expenditures	<u>378,367</u>	<u>153,412</u>
NET INCREASES IN NET ASSETS	60,049	739,277
NET ASSETS, beginning of fiscal year	<u>4,241,521</u>	<u>4,362,208</u>
NET ASSETS, end of fiscal year	<u><u>4,301,570</u></u>	<u><u>5,101,485</u></u>

Housing Authority of the City of Sulphur, Louisiana

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2008

EXPLANATIONS OF FINANCIAL ANALYSIS

- Federal Capital Funds from HUD increased by \$224,955, or by 147% from that of the prior fiscal year. The Housing Authority was still in the process of completing projects funded from grants by HUD for 2007, and submitted a new grant during fiscal year 2008.
- Federal revenues from HUD for operations increased by \$87,299, or by 6% from that of the prior fiscal year. The determination of operating grants is based in part upon operations performance of prior years. This amount fluctuates from year-to-year because of the complexities of the funding formula HUD employs. Generally, this formula calculates an allowable expense level adjusted for inflation, occupancy, and other factors, and then uses this final result as a basis for determining the grant amount. The amount of rent subsidy received from HUD depends upon an eligibility scale of each tenant. There was an increase in the number of eligible tenants receiving subsidies, so Housing Assistance Grants increased accordingly, lowering the overall total.
- Total other non-operating revenue increased by \$68,596, or by 122% from that of the prior fiscal year, due to receipt of proceeds from casualty insurance claims in the current year.
- Total tenant revenue increased from that of the prior fiscal year, due to these major factors: Tenant rental revenues increased by \$10,109, or by 3%. Some tenants' personal incomes increased, so rent revenue from these tenants increased accordingly, raising the overall total.
- Interest income decreased by \$21,672 or by 53% from that of the prior fiscal year because interest rates fell during the current fiscal year.
- Housing Assistance Payments to landlords increased by \$5,203, or by 1% from that of the prior fiscal year, because there was an increase in the number of tenants qualifying for subsidy during the year.
- Administrative Expenses increased by \$24,427, or by 8% from that of the prior fiscal year, due to a combination of many factors including: administrative staff salaries increased by \$6,159, staff vacation and sick leave pay increased by \$2,479, and related employee benefit contributions increased by \$4,149; therefore, total staff salaries and benefit costs increased by 7%.
- Maintenance and repairs increased by \$37,595, or by 10% from that of the prior fiscal year, due to several major factors: Repair staff wages increased by \$8,778, or by 8%, related employee benefit contributions increased by \$12,852, or by 24%, and materials used increased by \$9,314, or by 14%. However, contract labor costs increased by \$6,651, or by 5%. In addition, extraordinary maintenance increased by \$31,514 from that of the prior fiscal year, because the Housing Authority striped the parking lot and built a fence.
- Depreciation expense increased by only \$10,202, or by 3% from that of the prior fiscal year, because there was an increase in capital assets by \$1,713,589, most of which were still under construction.
- Protective Services expense of \$16,560 was incurred this current fiscal year.
- Utilities Expense decreased by \$8,099, or by 11% from that of the prior fiscal year, mainly because water cost decreased by \$3,814.
- General Expenses increased by \$30,800 or by 24% from that of the prior fiscal year, primarily because compensated absences increased by \$20,688. Also, insurance premiums increased by \$6,377, or by 7%, since property and casualty insurance premiums increased. Also, payments in lieu of taxes (PILOT) increased by \$1,820, or by 8%.

Housing Authority of the City of Sulphur, Louisiana

Management's Discussion and Analysis (MD&A)

DECEMBER 31, 2008

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At December 31, 2008, the Housing Authority had a total cost of \$10,417,356 invested in a broad range of assets and construction in progress from projects funded in 2005 through 2008, listed below. This amount, not including depreciation, represents decreases of \$370,857 from the prior year. More detailed information about capital assets appears in the notes to the financial statements.

**Capital Assets, Net of Accumulated Depreciation
As of December 31,**

	<u>2008</u>	<u>2007</u>
Buildings	\$ 1,818,819	\$ 2,034,633
Leasehold improvements	844,663	712,734
Land	99,900	642,215
Furniture and equipment	17,540	36,272
Construction	123,131	1,094,784
Total	<u>2,904,053</u>	<u>4,520,637</u>

Debt

Liabilities include accrued annual vacation and sick leave due to employees of \$25,515.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Housing Authority is primarily dependent upon HUD for the funding of operations; therefore, the Housing Authority is affected more by Federal budget than by local economic conditions. The capital budgets for the 2008 fiscal year have already been submitted to HUD for approval and no major changes are expected.

The Capital fund programs are multiple year budgets and have remained relatively stable. Capital Funds are used for the modernization of public housing properties including administrative fees involved in the modernization.

CONTACTING THE HOUSING AUTHORITY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, investors, and creditors with a general overview of the Housing Authority's finances, and to show the Housing Authority's accountability for the money it receives. If you have questions about this report, or wish to request additional financial information, contact Lawrence Itallo, at Public Housing Authority of Sulphur, Louisiana; 312 Brook Street; Sulphur, LA 70663.

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Independent Auditors' Report

Board of Commissioners
Housing Authority of the City
of Sulphur
Sulphur, Louisiana

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Housing Authority of the City of Sulphur, as of and for the year ended December 31, 2008, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Authority of the City of Sulphur's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major fund and the aggregate remaining fund information of the Housing Authority of the City of Sulphur, as of December 31, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, on our consideration of the Housing Authority of the City of Sulphur's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

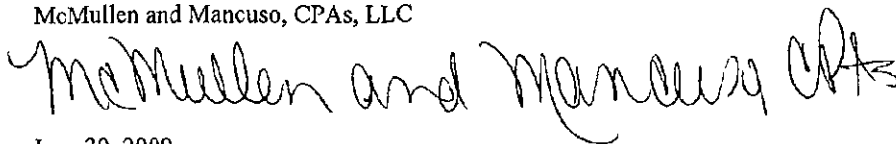
The management's discussion and analysis on pages 5 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members

American Institute of Certified Public Accountants
Louisiana Society of Certified Public Accountants

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Housing Authority of the City of Sulphur's basic financial statements. The accompanying information identified in the table of contents as supplemental information including the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the Financial Data Schedule required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Housing Authority of the City of Sulphur. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMullen and Mancuso, CPAs, LLC

A handwritten signature in cursive script that reads "McMullen and Mancuso CPAs". The signature is written in dark ink and is positioned below the printed name of the firm.

June 30, 2009

Housing Authority of the City of Sulphur
Sulphur, Louisiana

ENTERPRISE FUNDS
Balance Sheet

December 31, 2008

	General	Section 8	(Memorandum Only) Totals Primary Government	Component Unit
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,040,823	\$ 352,457	\$ 1,393,280	\$ -
Investments	30,000	-	30,000	-
Accounts receivable-tenants, net	271	-	271	-
Accounts receivable-HUD, net	2,933	7,421	10,354	-
Due from component unit	17,316	-	17,316	-
Interfund receivable	6,834	145,291	152,125	-
Inventory	4,505	-	4,505	-
Prepaid items and other assets	22,540	1,221	23,761	-
Total current assets	1,125,222	506,390	1,631,612	-
Restricted assets				
Security deposits	41,306	-	41,306	-
Total restricted assets	41,306	-	41,306	-
Capital assets				
Land	99,900	-	99,900	542,316
Construction in progress	123,131	-	123,131	4,235,677
Buildings, improvements and equipment, net	2,681,023	-	2,681,023	-
Total capital assets, net	2,904,054	-	2,904,054	4,777,993
TOTAL ASSETS	\$ 4,070,582	\$ 506,390	\$ 4,576,972	\$ 4,777,993

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Sulphur
Sulphur, Louisiana

ENTERPRISE FUNDS
Balance Sheet (Continued)

December 31, 2008

	General	Section 8	(Memorandum Only) Totals Primary Government	Component Unit
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Accounts payable	\$ 21,087	\$ -	21,087	\$ -
Accounts payable - other government	5,787	-	5,787	-
Accounts payable - HUD	-	18,781	18,781	-
Other payable	1,946	-	1,946	-
Accrued interest payable	-	-	-	4,950
Interfund payable	-	152,125	152,125	-
Due to primary government	-	-	-	17,316
Deferred revenues	-	8,857	8,857	-
Current portion of long term debt	-	-	-	2,381,484
Current portion of long term debt - compensated absences payable	8,229	610	8,839	-
	<u>37,049</u>	<u>180,373</u>	<u>217,422</u>	<u>2,403,750</u>
Current liabilities payable from current restricted assets				
Deposits due others	41,305	-	41,305	-
Total current liabilities	78,354	180,373	258,727	2,403,750
Noncurrent liabilities				
Compensated absences payable	15,510	1,165	16,675	-
Long term debt	-	-	-	1,622,390
Total noncurrent liabilities	<u>15,510</u>	<u>1,165</u>	<u>16,675</u>	<u>1,622,390</u>
Total liabilities	93,864	181,538	275,402	4,026,140
NET ASSETS				
Invested in capital assets, net of related debt	2,904,054	-	2,904,054	751,853
Unrestricted	1,072,664	324,852	1,397,516	-
Net assets	<u>3,976,718</u>	<u>324,852</u>	<u>4,301,570</u>	<u>751,853</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,070,582</u>	<u>\$ 506,390</u>	<u>\$ 4,576,972</u>	<u>\$ 4,777,993</u>

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Sulphur
Sulphur, Louisiana

ENTERPRISE FUNDS
Statement of Revenues, Expenses, and Changes in Fund Net Assets

December 31, 2008

			(Memorandum Only) Totals Primary Government	Component Unit
	General	Section 8		
OPERATING REVENUES				
Dwelling rental	\$ 322,277	\$ -	\$ 322,277	\$ -
Other	121,528	3,235	124,763	-
Federal grants	510,782	921,957	1,432,739	-
Total operating revenues	954,587	925,192	1,879,779	-
OPERATING EXPENSES				
Administration	248,443	85,329	333,772	-
Tenant services	878	-	878	-
Utilities	67,864	-	67,864	-
Ordinary maintenance and operation	410,872	-	410,872	-
Protective services	16,560	-	16,560	-
General expenses	148,825	8,072	156,897	-
Nonroutine maintenance	48,494	-	48,494	-
Housing and assistance payments	-	828,945	828,945	-
Depreciation	353,192	132	353,324	-
Total operating expenses	1,295,128	922,478	2,217,606	-
Income (Loss) from operations	(340,541)	2,714	(337,827)	-
Nonoperating revenues (expenses)				
Interest earnings	16,670	2,839	19,509	-
Total nonoperating revenues	16,670	2,839	19,509	-
Income (loss) before capital contributions	(323,871)	5,553	(318,318)	-
Capital grant contributions	378,367	-	378,367	-
Contributed capital	-	-	-	551,753
Change in net assets	54,496	5,553	60,049	551,753
NET ASSETS AT BEGINNING OF YEAR, AS ORIGINALLY REPORTED	3,922,222	281,020	4,203,242	200,100
PRIOR PERIOD ADJUSTMENTS	-	38,279	38,279	-
NET ASSETS AT BEGINNING OF YEAR, AS RESTATED	3,922,222	319,299	4,241,521	200,100
NET ASSETS AT END OF YEAR	\$ 3,976,718	\$ 324,852	\$ 4,301,570	\$ 751,853

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Sulphur
Sulphur, Louisiana

ENTERPRISE FUNDS
Statement of Cash Flows

December 31, 2008

	(Memorandum Only) Totals			
	General	Section 8	Primary Government	Component Unit
CASH FLOWS FROM OPERATING ACTIVITIES				
Rental receipts	\$ 322,676	\$ -	\$ 322,676	\$ -
Payments to vendors	(693,021)	(53,411)	(746,432)	-
Payments to employees	(243,353)	(38,344)	(281,697)	-
Other receipts (payments)	122,553	59,954	182,507	4,950
Federal grants	510,782	921,957	1,432,739	-
Payments to private landlords	-	(828,945)	(828,945)	-
Net cash provided by (used in) operating activities	19,637	61,211	80,848	4,950
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of land	-	-	-	-
Purchase of capital assets	(250,709)	-	(250,709)	-
Payments for construction in progress	(120,148)	-	(120,148)	(2,764,953)
Contributed capital	-	-	-	1,653,608
Capital grant contributions	378,367	-	-	-
Proceeds from loans	-	-	-	1,106,395
Net cash provided by (used in) capital and related financing activities	7,510	-	7,510	(4,950)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	16,670	2,839	19,509	-
Net cash provided by (used in) investing activities	16,670	2,839	19,509	-
Net increase (decrease) in cash and cash equivalents	43,817	64,050	107,867	-
Cash and cash equivalents at beginning of year	1,038,312	288,407	1,326,719	-
Cash and cash equivalents at end of year	\$ 1,082,129	\$ 352,457	\$ 1,434,586	\$ -

The notes to the financial statements are an integral part of this statement.

Housing Authority of the City of Sulphur
Sulphur, Louisiana

ENTERPRISE FUNDS
Statement of Cash Flows (Continued)

December 31, 2008

	General	Section 8	(Memorandum Only) Totals	Component Unit
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (340,541)	\$ 2,714	\$ (337,827)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	353,192	132	353,324	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable-HUD	(2,933)	32,425	29,492	-
(Increase) decrease in accounts receivable-tenants	399	-	399	-
(Increase) decrease in interfund receivables	439	3,220	3,659	-
(Increase) decrease in due from component unit	-	-	-	-
(Increase) decrease in inventory	(374)	-	(374)	-
(Increase) decrease in prepaid items	(849)	1,600	751	-
Increase (decrease) in accounts payable	4,418	-	4,418	-
Increase (decrease) in other payable	(221)	-	(221)	-
Increase (decrease) in accounts payable-HUD	-	18,781	18,781	-
Increase (decrease) in interfund payables	-	(3,660)	(3,660)	-
Increase (decrease) in deposit due others	3,740	-	3,740	-
Increase (decrease) in deferred revenue	-	5,953	5,953	-
Increase (decrease) in due to primary government	-	-	-	-
Increase (decrease) in accrued interest payable	-	-	-	4,950
Increase (decrease) in compensated absences	2,367	46	2,413	-
Net cash provided by (used in) operating activities	<u>19,637</u>	<u>61,211</u>	<u>80,848</u>	<u>4,950</u>
Reconciliation of cash and cash equivalents at end of year to balance sheet presentation:				
Cash	1,040,823	352,457	1,393,280	-
Security deposits	41,306	-	41,306	-
Cash and cash equivalents at end of year	<u>\$ 1,082,129</u>	<u>\$ 352,457</u>	<u>\$ 1,434,586</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 1 - Summary of Significant Accounting Policies

The Housing Authority of the City of Sulphur (the Authority) was incorporated July 13, 1961 under the authority of the Constitution of statutes (LSA:R.S. 40:381) of the state of Louisiana for the purpose of providing safe and sanitary dwellings accommodations in Sulphur, Louisiana.

A. Financial Reporting Entity

GASB Statement 14, *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity component units that should be included within the reporting entity. Under the provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

The Authority is a related organization of the City of Sulphur since the Honorable Mayor of the City of Sulphur appoints the Authority's governing board. The Authority's governing board is composed of five members appointed for staggered multi-year terms. The City of Sulphur is not financially accountable for the Authority as it is not able to impose its will on the Authority and there is no potential for the Authority to provide financial benefit to, or impose financial burdens on, the City of Sulphur. Accordingly, the Authority is not a component unit of the financial reporting entity of the City of Sulphur or any other governmental unit.

The accompanying financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard – setting body for establishing governmental accounting and financial reporting principles.

In determining how to define the reporting entity, management has considered all potential component units. Governmental Accounting Standards Board (GASB) Codification Section 2100 establishes criteria for determining which, if any, component units should be considered part of the Authority for financial reporting purposes. The criterion include manifestation of oversight responsibility; including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable.

Based on the previous criteria, the Authority has determined that there is a component unit that should be considered as part of the Authority's reporting entity:

Frenchman's Creek Limited Partnership involves the new construction of 40 family Low Income Housing Tax Credit units located in Sulphur, Louisiana, and is a legally separate entity. The managing general partner of Frenchman's Creek Limited Partnership is the FCD GP, LLC, of which FCD Corporation, a Louisiana non-profit corporation, is the only member of the limited liability company. The Board of Directors of FCD Corporation consists entirely of the Board of Commissioners of the Housing Authority, which provides the Housing Authority with a voting majority of the governing body of Frenchman's Creek Limited Partnership. In addition, there is the potential for Frenchman's Creek Limited Partnership to impose financial burden on the Housing Authority.

The governing body of the Housing Authority is not considered to have complete control over Frenchman's Creek Limited Partnership. As a result, the Frenchman's Creek Limited Partnership is included in the Housing Authority's financial statements through discrete presentation. The financial position, changes in net assets, and cash flows of Frenchman's Creek Limited Partnership are presented as of and for the year ended December 31, 2008. Separate statements of Frenchman's Creek Limited Partnership were not issued for the year ended December 31, 2008.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 1 - Summary of Significant Accounting Policies (continued)

A. Financial Reporting Entity (continued)

Programs within the general and section 8 funds operated by the Authority receive federal assistance from the U.S. Department of Housing and Urban Development (HUD), and are subject to applicable laws and regulations. The operations of each fund are accounted for through a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Federal contributions are received and accounted for in the individual programs based upon the purposes for which they are to be spent. The Authority is not subject to income taxes.

A brief description of the various programs is as follows:

- **Housing Authority Owned Rental Housing (FW-1132)** - Approximately 201 units of low-income public housing are owned by the Housing Authority of the City of Sulphur. Low Income is defined by published entry in the Federal Register per Standard Metropolitan Statistical Areas (SMSA). Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing.
- **Section 8 Public Owned Rental Housing** - Section 8 Public Housing is a program designed to allow private homeowners to lease their houses to low-income families. The rents are set by the Federal Government and published in the Federal Register and cannot be increased without HUD approval. Tenants pay the highest of 30% of their adjusted income or 10% of monthly income for such housing. The Housing Authority of the City of Sulphur makes up the difference between the tenants portion of the rent and the Fair Market Rent as subsidy to the homeowner. Section 8 has evolved into two programs:

Housing Choice Vouchers (FW-2228V) - 100 units

Moderate Rehab (FW-2074) - 75 units

- **Shelter Plus Care Housing** - This program provides for housing for homeless individuals and families with special disabilities. The basic Section 8 rules apply.

B. Funds

The accounts of the Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

All funds of the Authority are classified as proprietary. The general fund accounts for transactions of the public housing low rent program, the capital fund program, and the blended component unit, Frenchman's Creek Limited Partnership. The Section 8 fund accounts for transactions of the housing choice voucher program, the moderate rehab program, and the shelter plus care housing program.

C. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Authority has elected, pursuant to Governmental Accounting Standards Board (GASB) Statement 20, to apply all GASB pronouncements and only

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (continued)

FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's funds are rent and maintenance charges to residents and administration fees earned.

Operating expenses for proprietary funds include the administrative costs of providing the service and the housing assistance payments to residents. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Total columns on the basic financial statements are captioned as "Memorandum Only," because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of these data.

D. Budgets

Budgets are prepared on an annual basis for each major operating program and are used as a management tool throughout the accounting cycle. Budgets are not, however legally adopted nor legally required for financial statement presentation.

E. Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Authority's investment policy allow the entity to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investments pool, and mutual funds consisting solely of government back securities.

F. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. Services provided, deemed to be at market or near market rates, are treated as revenues and expenses. Additionally, transactions occur between individual funds as a result of the use of a common paymaster for shared costs of the Authority. Cash settlements are made periodically. These receivables and payables are classified as interfund receivables/payables.

G. Inventory

All purchased inventory items are valued at cost using first-in, first-out method. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenses are charged when the items are consumed.

H. Prepaid Items

Payments made to vendors that will benefit periods beyond the fiscal year end are recorded as prepaid items. Prepaid items consist of prepaid insurance.

I. Restricted Assets

Certain assets are classified as restricted assets on the balance sheet because their use is restricted for security deposits held in trust.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

J. Capital Assets

The Authority's purchased capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation. The Authority's policy is to capitalize significant items of equipment, major renovations, buildings, and real estate. The Authority capitalizes equipment and/or personal property with an initial cost of \$500 or more and an anticipated life or useful value of said equipment or property of more than one year.

The costs of normal maintenance and repairs that do not add value of the asset or materially extend asset lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Original buildings	33 years
Building improvements	15 years
Site improvements	15 years
Furniture and equipment	5 – 7 years
Automobile and trucks	5 years
Computers	3 years

K. Deferred Revenues

The Authority reports deferred revenues on its balance sheet. Deferred revenues arise when the Authority receives resources before it has a legal claim to them. In subsequent periods, then the Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

L. Compensated Absences

The Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Annual and sick leave is earned by each full-time and each part-time associate who has a regular tour of duty, except that no associate shall earn annual or sick leave while serving on restricted appointment or while using leave from an agency leave pool as defined in Rule 11.34.

The earning of such leave is based on the equivalent of years of full-time State service and shall be creditable at the end of each calendar month or at the end of each regular pay period based on graduated rates per hour. Accrued unused annual and sick leave earned by an associate shall be carried forward to succeeding calendar years. Upon separation from the Authority, an associate is paid the value of his accrued annual leave in a lump sum up to a maximum of 300 hours, disregarding any final fraction of an hour; provided the privileges of this rule shall not extend to any associate who is dismissed for theft of Authority funds or property. Upon separation from the Authority, an associate is not compensated for sick leave.

M. Restricted Net Assets

Net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Restricted resources are used first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, and other financing sources and uses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

At December 31, 2008, the Authority has cash and cash equivalents (book balances) totaling \$1,393,280, all in interest - bearing demand deposit accounts. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must equal the amount on deposit with the fiscal agent at all times. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 2008, the Authority had \$1,452,016 in deposits (collected bank balances). These deposits are secured by \$750,000 of federal deposit insurance and \$702,016 pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds on demand.

Note 3 - Investments

The Authority's investments are limited to those allowed by state statute. At December 31, 2008, the Authority's investment consisted of a certificate of deposit with a carrying amount of \$30,000.

Note 4 - Accounts Receivable

The accounts receivables at December 31, 2008 are as follows:

	General	Section 8	(Memorandum Only Total)
Class of Receivable			
HUD	\$ 2,933	\$ 7,421	\$ 10,354
Tenants	271	-	271
	<u>\$ 3,204</u>	<u>\$ 7,421</u>	<u>\$ 10,625</u>

The tenants account receivable is net of an allowance for doubtful accounts of \$1,507. The Housing Authority expects to collect all receivables within one year.

Note 5 - Prepaid Items

Prepaid items as of December 31, 2008 consisted of prepaid insurance of \$23,761.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 6 - Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2008 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated				
Land	\$ 99,900	\$ -	\$ -	\$ 99,900
Construction in progress	2,983	120,148	-	123,131
Total capital assets, not being depreciated	102,883	120,148	-	223,031
Capital assets being depreciated				
Site Improvements	501,385	219,252	-	720,637
Buildings	8,812,394	-	-	8,812,394
Furniture and Equipment	266,339	11,365	37,412	240,292
Total capital assets being depreciated	9,580,118	230,617	37,412	9,773,323
Less accumulated depreciation	6,796,481	333,231	37,412	7,092,300
Total capital assets being depreciated, net	2,783,637	102,614	-	2,681,023
Total capital assets	\$2,886,520	\$ 17,534	\$ -	\$2,904,054

Component unit capital assets of \$4,777,993 consisted of construction in progress (\$4,235,677) and land (\$542,316).

Note 7 - Construction Commitments

The Authority has two (2) active construction projects as of December 31, 2008, consisting of the Frenchman's Creek Limited Partnership, the construction of 40 family low income housing tax credit units, and the bathroom renovation project on various units in the low income public housing. At year end, the commitments with contractors are as follows:

Project	Spent to Date	Total Commitment
Frenchman's Creek Limited Partnership	\$ 4,777,993	\$ 5,711,947
Bathroom Renovations	123,131	282,750
Total	\$ 4,901,124	\$ 5,994,697

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 8 - Interfund Receivables/Payables

The following schedule reports receivables and payables within the reporting entity at December 31, 2008:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 6,834	\$ -
Section 8	145,291	152,125
	<u>\$ 152,125</u>	<u>\$ 152,125</u>

The amount due to and from the discretely presented component unit of \$17,316 is a result of development cost paid by the Housing Authority which has not yet been reimbursed.

Note 9 - Accounts Payable

The accounts payable at December 31, 2008 are as follows:

Class of Payable	General	Section 8	(Memorandum Only Total)
Due to Other Governments:			
Payment in lieu of property tax	5,787	-	5,787
Operating	21,087	-	21,087
	<u>\$ 26,874</u>	<u>\$ -</u>	<u>\$ 26,874</u>

Note 10 - Compensated Absences Payable

As of December 31, 2008, employees of the Housing Authority have accumulated and vested \$25,514 of employee leave computed in accordance with GASB Codification Section C60.

Note 11 - Notes Payable

As disclosed in Note 1, Financial Reporting Entity, Frenchman's Creek Limited Partnership is a component unit included in the Housing Authority's financial statements through discrete presentation. On October 24, 2007, Frenchman's Creek Limited Partnership executed a loan for the new construction of 40 family low income housing tax credit units with Bank of America, collateralized by the property. The balance of the loan at December 31, 2008 is \$1,624,950.

The construction loan is a non-amortizing obligation with interest only payable monthly, at a rate equal to the London Interbank Offered Rate (LIBOR) plus two hundred forty (240) basis points as determined on an actual 30/360 basis. The maturity date of the construction loan is the payment date falling 24 months after the closing date. The loan bears interest from the earlier of the closing date, or from the date of the first disbursement of the proceeds, until the loan is paid in full. On the construction loan maturity date, the remaining principal balance of the loan will be due and payable.

The interest rate of the permanent note will be fixed immediately prior to the construction loan closing based on the applicable market rates for like tenor and character loans. Bank of America estimates that, were the note rated fixed as of the date of this commitment, the rate would be approximately 7.22%.

The maximum duration of the construction loan will be the lesser of twenty-four (24) months or the date on which the construction loan converts. An extension to the construction loan for six (6) months may be provided at the discretion of the Bank. An extension fee of twenty-five (25) basis points of the then outstanding loan balance will be associated with the extension. There may be other charges associated with the extension, such as the Bank's legal fees.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 11 -- Notes Payable (Continued)

The permanent loan will be an amortizing obligation with principal and interest payable monthly. The maturity date of the permanent loan will be the payment date falling two hundred sixteen (216) months after the closing date ("the permanent loan maturity date"). On the permanent loan maturity date, any remaining unamortized balance of the permanent loan shall be due and payable. The permanent loan will amortize in equal monthly installments of principal and interest based on an amortization term of 360 months.

On November 9, 2007, FCD Corporation, the member of FCD GP, LLC, of which is the managing general partner of Frenchman's Creek Limited Partnership entered into a mortgage with National Equity Fund for \$213,425 for the purpose of being used as security by FCD Corporation for indebtedness due National Equity Fund. The note bears interest at 7.25% per annum and is payable on the earlier to occur of: the date the project receives its first capital contribution from an investor that will receive low income housing tax credits, the date of first disbursement of construction financing to the project, or January 31, 2009.

It is the intention of FCD Corporation to extend the terms of the loan for a period of six (6) months on January 31, 2009, therefore the loan balance of \$213,425 is presented as current portion of long term debt.

On October 24, 2007, Frenchman's Creek Limited Partnership entered into a loan with Local Initiatives Support Corporation for construction of the 40 family low income housing tax credit units, bridging certain contributions or equity payments to be made by Frenchman's Creek Limited Partnership's nominee limited partner, National Equity Fund Assignment Corporation (NEFAC), thereby enabling the Partnership to carry out the project. The loan amount is \$2,165,500, of which \$165,500 is a reserve for the payment of interest from which the lender may disburse proceeds of the loan be necessary to pay interest occurring on the loan. The lender shall make disbursements from the Interest Reserve to pay interest occurring on the loan by internal disbursements to itself or any other method selected by the lender. The term of the loan commences on the closing date and ends on the earlier to occur of the issuance of at least temporary certificates of occupancy at the completion of construction of all units in the project and satisfaction of the other conditions to the payment of NEFAC of the second installment of non-developer fee equity, or the eighteen (18) month anniversary of the first day of the first month following the closing date. The loan bears interest at a rate of 7% per annum.

The project is expected to be completed within the next twelve (12) months, whereas the equity contribution by the limited partner is then due, repaying the principal and any accrued interest on the loan. Therefore, the loan balance of \$2,165,500 is presented as current portion of long term debt.

Final Scheduled maturities of notes payable as of December 31, 2008 are as follows:

Year Ending December 31,	Principal	Interest
2009	2,381,484	19,546
2010	16,010	116,614
2011	17,205	115,419
2012	18,489	114,135
2013	19,869	112,755
2014 and thereafter	1,550,817	2,415,564
	<u>\$4,003,874</u>	<u>\$2,894,033</u>

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 12 - General Long-Term Obligations

The following is a summary of the long-term obligation transactions for the year ended December 31, 2008, which consisted of compensated absences and notes payable:

	(Memorandum			
	General	Section 8	Only Total)	Component Unit
Balance, beginning	\$739,927	\$1,730	\$741,657	\$ -
Additions	2,367	46	2,413	4,003,874
Deductions	(718,555)	-	(718,555)	-
Balance, ending	<u>\$23,739</u>	<u>\$1,776</u>	<u>\$25,515</u>	<u>\$4,003,874</u>
Amounts due in one year	<u>\$8,229</u>	<u>\$611</u>	<u>\$8,840</u>	<u>\$2,381,484</u>

Note 13 - Contributed Capital

As noted in Note 1, Financial Reporting Entity, Frenchman's Creek Limited Partnership is a component unit of the Authority. The managing general partner of the Partnership is the FCD GP, LLC, of which FCD Corporation is the only member. National Equity Fund Assignment Corporation (NEFAC) is the nominee limited partner in the Partnership. As of December 31, 2008, NEFAC contributed \$751,753 towards the construction project.

Note 14 - Retirement Plan

The Authority participates in the Housing-Renewal and Local Agency Retirement Plan, which is a defined contribution plan. The plan consists of employees of various local and regional housing authorities, urban renewal agencies, and other similar organizations. Through this plan, the Authority provides pension benefits for all of its full-time employees. All regular full time employees are eligible to participate in the plan on the first day of the month after completing one month of continuous and uninterrupted employment. The Board of Commissioners of the Authority determines plan provisions and changes to plan contributions.

Under a defined contribution plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account and the returns earned on investments of those contributions.

Under the plan, the Authority contributes 8.5% of the employee's basic (excludes overtime) monthly salary to the plan with the provision that the employee is required to contribute a minimum 6.5%. The Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Authority. Normal retirement date shall be the first day of the month following the employee's 65th birthday or after 10 years of participation in the plan.

The Authority's total payroll for the year ended December 31, 2008 was \$304,465. The Authority's contributions were calculated using the base salary amount of \$238,073. The Authority made the required contributions of \$20,236 for the year ended December 31, 2008.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to Basic Financial Statements
December 31, 2008**

Note 15 - Contingencies and Commitments

Grant Disallowances In the normal course of operations, the Authority receives grant funds from federal agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management of the Authority believes that the amount of disallowances, if any, which may arise from future audits will not be material.

Construction Projects There are construction projects in progress at December 31, 2008 which include modernizing rental units. HUD funds these projects. Funds are requested periodically as the cost is incurred. Also, as noted in Note 1, Financial Reporting Entity, the component entity Frenchman's Creek Limited Partnership involves the construction of 40 family Low Income Housing Tax Credit units. The construction costs at December 31, 2008 totaled \$4,777,993. The projected total costs of the development are \$5,711,947.

Guaranty The Authority and FCD Corporation have agreed to be the guarantor with respect to Frenchman's Creek Limited Partnership's construction loan with Bank of America.

Note 16 - Risk Management

The Authority is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance.

Note 17- Economic Dependence and Current Vulnerability Due to Certain Concentrations

Statement of Financial Accounting Standards (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing and Urban Development provided \$1,811,106 to the Authority, which represents approximately 80% of the Authority's total revenue for the year.

The Authority's operations are concentrated in the public housing real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. HUD subject to change by an act of congress or an administrative change mandates such administrative directives, rules, and regulations. Such changes may occur with little notice or inadequate funding to pay the related cost, including additional administrative burden, to comply with a change.

Note 18 - Prior Period Adjustments

For the year ended December 31, 2007, adjustments were made by HUD to the funds allocated to the Authority on the Section 8 Moderate Rehabilitation and Shelter Plus Care Renewal programs. These adjustments resulted in an increase of \$38,279 to unrestricted net assets at December 31, 2008.

SUPPLEMENTARY INFORMATION

Housing Authority of The City of Sulphur
Sulphur, Louisiana

FINANCIAL DATA SCHEDULE
For the Year Ended December 31, 2008

Line Item No.	Account Description	Central Office Cost					Total
		Project Totals	Program Totals	Center	Subtotal	Elimination	
111	Cash - Unrestricted	\$ 428,899	\$ 129,289	\$ -	\$ 558,188	\$ -	\$ 558,188
112	Cash - Restricted - Modernization and development	-	-	-	-	-	-
113	Cash - Other Restricted	-	56,470	-	56,470	-	56,470
114	Cash - Tenant Security Deposits	41,306	-	-	41,306	-	41,306
115	Cash - Restricted for payment of current liability	-	-	-	-	-	-
100	Total Cash	470,205	185,759	-	655,964	-	655,964
121	Accounts Receivable - PHA Projects	-	-	-	-	-	-
122-010	Accounts Receivable - HUD Other Projects - Operating Subsidy	-	-	-	-	-	-
122-020	Accounts Receivable - HUD Other Projects - Capital Fund	2,933	-	-	2,933	-	2,933
122-030	Accounts Receivable - HUD Other Projects - Other	-	-	-	-	-	-
122	Accounts Receivable - HUD Other Projects	2,933	-	-	2,933	-	2,933
124	Accounts Receivable - Other Government	-	-	-	-	-	-
125-010	Accounts Receivable - Miscellaneous - Not for Profit	-	-	-	-	-	-
125-020	Accounts Receivable - Miscellaneous - Partnership	-	-	-	-	-	-
125-030	Accounts Receivable - Miscellaneous - Joint Venture	-	-	-	-	-	-
125-040	Accounts Receivable - Miscellaneous - Tax Credit	17,316	-	-	17,316	-	17,316
125-050	Accounts Receivable - Miscellaneous - Other	-	-	-	-	-	-
125-060	Other - Comment	-	-	-	-	-	-
125	Accounts Receivable - Miscellaneous	17,316	7,421	-	24,737	-	24,737
126	Accounts Receivable - Tenants	1,778	-	-	1,778	-	1,778
126.1	Allowance for Doubtful Accounts - Tenants	(1,507)	-	-	(1,507)	-	(1,507)
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	-	-
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-
128	Fraud Recovery	-	-	-	-	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-
129	Accrued Interest Receivable	-	-	-	-	-	-
120	Total Receivables, net of allowance for doubtful accounts	20,520	7,421	-	27,941	-	27,941
131	Investments - Unrestricted	641,924	166,698	-	808,622	-	808,622
132	Investments - Restricted	-	-	-	-	-	-
135	Investments - Restricted for payment of current liability	-	-	-	-	-	-
142	Prepaid Expenses and Other Assets	22,540	1,221	-	23,761	-	23,761
143	Investment	4,506	-	-	4,506	-	4,506
143.1	Allowance for Obsolete Investments	-	-	-	-	-	-
144	Interprogram - Due From	6,834	145,290	-	152,124	(152,124)	-
145	Assets Held for Sale	-	-	-	-	-	-
140	Total Current Assets	1,166,529	506,389	-	1,672,918	(152,124)	1,520,794
161	Land	99,900	542,316	-	642,216	-	642,216
162	Buildings	8,179,982	-	-	8,179,982	-	8,179,982
163	Furniture, Equipment & Machinery - Dwellings	41,294	-	-	41,294	-	41,294
164	Furniture, Equipment & Machinery - Administration	113,810	1,817	-	115,627	-	115,627
165	Leasehold Improvements	1,438,237	-	-	1,438,237	-	1,438,237
166	Accumulated Depreciation	(7,092,309)	(1,817)	-	(7,094,126)	-	(7,094,126)
167	Construction In Progress	123,131	4,235,677	-	4,358,808	-	4,358,808
168	Infrastructure	-	-	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	2,904,054	4,777,993	-	7,682,047	-	7,682,047
171-010	Notes, Loans & Mortgages Receivable - Non-Current- Not for Profit	-	-	-	-	-	-
171-020	Notes, Loans & Mortgages Receivable - Non-Current- Partnership	-	-	-	-	-	-
171-030	Notes, Loans & Mortgages Receivable - Non-Current- Joint Venture	-	-	-	-	-	-
171-040	Notes, Loans & Mortgages Receivable - Non-Current- Tax Credit	-	-	-	-	-	-
171-050	Notes, Loans & Mortgages Receivable - Non-Current- Other	-	-	-	-	-	-
171-060	Other - Comment	-	-	-	-	-	-
171	Notes, Loans & Mortgages Receivable - Non-Current	-	-	-	-	-	-
172-010	Notes, Loans & Mortgages Receivable - Non-Current- Past Due - Not for Profit	-	-	-	-	-	-
172-020	Notes, Loans & Mortgages Receivable - Non-Current- Partnership	-	-	-	-	-	-
172-030	Notes, Loans & Mortgages Receivable - Non-Current- Joint Venture	-	-	-	-	-	-
172-040	Notes, Loans & Mortgages Receivable - Non-Current- Tax Credit	-	-	-	-	-	-
172-050	Notes, Loans & Mortgages Receivable - Non-Current- Other	-	-	-	-	-	-
172-060	Other - Comment	-	-	-	-	-	-
172	Notes, Loans & Mortgages Receivable - Non-Current - Past Due	-	-	-	-	-	-
173	Grants Receivable - Non - Current	-	-	-	-	-	-
174-010	Other Assets - Not for Profit	-	-	-	-	-	-
174-020	Other Assets - Partnership	-	-	-	-	-	-
174-030	Other Assets - Joint Venture	-	-	-	-	-	-
174-040	Other Assets - Tax Credit	-	-	-	-	-	-
174-050	Other Assets - Other	-	-	-	-	-	-
174-060	Other - Comment	-	-	-	-	-	-
174	Other Assets	-	-	-	-	-	-
176-010	Investment in Joint Venture - Not for Profit	-	-	-	-	-	-
176-020	Investment in Joint Venture - Partnership	-	-	-	-	-	-
176-030	Investment in Joint Venture - Joint Venture	-	-	-	-	-	-
176-040	Investment in Joint Venture - Tax Credit	-	-	-	-	-	-
176-050	Investment in Joint Venture - Other	-	-	-	-	-	-
176-060	Other - Comment	-	-	-	-	-	-
176	Investment in Joint Venture	-	-	-	-	-	-
180	Total Non-Current Assets	2,904,054	4,777,993	-	7,682,047	-	7,682,047
190	Total Assets	\$ 4,070,583	\$ 5,284,382	\$ -	\$ 9,354,965	\$ (152,124)	\$ 9,202,841

Housing Authority of The City of Sulphur
Sulphur, Louisiana

FINANCIAL DATA SCHEDULE
For the Year Ended December 31, 2008

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
311	Bank Overdraft	\$ -	\$ -	\$ -	\$ -	-	\$ -
312	Accounts Payable <= 90 Days	21,087	-	-	21,087	-	21,087
313	Accounts Payable > 90 Days Past Due	-	-	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	-	-	-	-	-	-
322	Accrued Compensated Absences - Current Portion	8,229	611	-	8,840	-	8,840
324	Accrued Contingency Liability	-	-	-	-	-	-
325	Accrued Interest Payable	-	4,950	-	4,950	-	4,950
331-010	Accounts Payable - HUD PHA Programs-Operating Subsidy	-	-	-	-	-	-
331-020	Accounts Payable - HUD PHA Programs- Capital Fund	-	-	-	-	-	-
331-030	Accounts Payable - HUD PHA Programs-Other	-	-	-	-	-	-
331	Accounts Payable - HUD PHA Programs	-	18,781	-	18,781	-	18,781
332	Accounts Payable - PHA Projects	-	-	-	-	-	-
333	Accounts Payable - Other Government	5,787	-	-	5,787	-	5,787
341	Tenant Security Deposits	41,306	-	-	41,306	-	41,306
342-010	Deferred Revenue - Operating Subsidy	-	-	-	-	-	-
342-020	Deferred Revenue - Capital Fund	-	-	-	-	-	-
342-030	Deferred Revenue - Other	-	-	-	-	-	-
342	Deferred Revenue	-	8,857	-	8,857	-	8,857
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-
344	Current Portion of Long-Term Debt - Operating Borrowings	-	-	-	-	-	-
345	Other Current Liabilities	1,946	17,316	-	19,262	-	19,262
346	Accrued Liabilities - Other	-	-	-	-	-	-
347	Interprogram Due To	-	152,124	-	152,124	(152,124)	-
348-010	Loan Liability - Current - Not for Profit	-	-	-	-	-	-
348-020	Loan Liability - Current - Partnership	-	-	-	-	-	-
348-030	Loan Liability - Current - Joint Venture	-	-	-	-	-	-
348-040	Loan Liability - Current - Tax Credit	-	-	-	-	-	-
348-050	Loan Liability - Current - Other	-	2,381,484	-	2,381,484	-	2,381,484
348-060	Other - Comment	-	-	-	-	-	-
348	Loan Liability - Current	-	-	-	-	-	-
310	Total Current Liabilities	78,355	2,584,123	-	2,662,478	(152,124)	2,510,354
351-010	Long Term Debt - CFFP	-	-	-	-	-	-
351-020	Long Term - Capital Projects/Mortgage Revenue	-	-	-	-	-	-
351	Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-
352	Long-Term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-
353	Non - Current Liabilities - Other	-	-	-	-	-	-
354	Accrued Compensated Absences - Non Current	15,510	1,165	-	16,675	-	16,675
355-010	Loan Liability - Non -Current - Not For Profit	-	-	-	-	-	-
355-020	Loan Liability - Non -Current - Partnership	-	-	-	-	-	-
355-030	Loan Liability - Non -Current - Joint Venture	-	-	-	-	-	-
355-040	Loan Liability - Non -Current - Tax Credit	-	-	-	-	-	-
355-050	Loan Liability - Non -Current - Other	-	-	-	-	-	-
355-060	Other - Comment	-	-	-	-	-	-
355	Loan Liability - Noncurrent	-	1,622,390	-	1,622,390	-	1,622,390
356	FASB 5 Liabilities	-	-	-	-	-	-
357	Accrued Pension and OPEB Liability	-	-	-	-	-	-
350	Total Noncurrent Liabilities	15,510	1,623,555	-	1,639,065	-	1,639,065
300	Total Liabilities	93,865	4,207,678	-	4,301,543	(152,124)	4,149,419
508.1	Invested in Capital Assets, Net of Related Debt	2,904,053	751,853	-	3,655,906	-	3,655,906
511.1	Restricted Net Assets	-	-	-	-	-	-
512.1	Unrestricted Net Assets	1,072,665	324,851	-	1,397,516	-	1,397,516
513	Total Equity/Net Assets	3,976,718	1,076,704	-	5,053,422	-	5,053,422
600	Total Liabilities and Equity/Net Assets	\$ 4,070,583	\$ 5,284,382	\$ -	\$ 9,354,965	\$ (152,124)	\$ 9,202,841

Housing Authority of The City of Sulphur
Sulphur, Louisiana

FINANCIAL DATA SCHEDULE
For the Year Ended December 31, 2008

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
70300	Net Tenant Rental Revenue	\$ 319,977	\$ -	\$ -	\$ 319,977	\$ -	\$ 319,977
70400	Tenant Revenue - Other	2,300	-	-	2,300	-	2,300
70500	Total Tenant Revenue	322,277	-	-	322,277	-	322,277
70600-010	Housing Assistance Payments	-	424,718	-	424,718	-	424,718
70600-020	Ongoing Administrative Fees Earned	-	52,062	-	52,062	-	52,062
70600-030	Hard to House Fee Revenue	-	-	-	-	-	-
70600-031	FSS Coordinator	-	-	-	-	-	-
70600-040	Actual Independent Public Accountant Audit Costs	-	-	-	-	-	-
70600-050	Total Preliminary Fees Earned	-	-	-	-	-	-
70600-060	All Other Fees	-	-	-	-	-	-
70600-070	Admin Fee Calculation Description	-	-	-	-	-	-
70600	HUD PHA Operating Grants	600,198	921,957	-	1,522,155	-	1,522,155
70610	Capital Grants	288,951	-	-	288,951	-	288,951
70710	Management Fee	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-
70740	Front line Service Fee	-	-	-	-	-	-
70750	Other Fees	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-
70800	Other Government Grants	-	-	-	-	-	-
71100-010	Housing Assistance Payment	-	-	-	-	-	-
71100-020	Administrative Fee	-	1,033	-	1,033	-	1,033
71100	Investment Income - Unrestricted	16,672	2,452	-	19,124	-	19,124
71200	Mortgage Interest Income	-	-	-	-	-	-
71300	Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-
71310	Cost of Sale of Assets	-	-	-	-	-	-
71400-010	Housing Assistance Payment	-	48	-	48	-	48
71400-020	Administrative Fee	-	48	-	48	-	48
71400	Fraud Recovery	-	130	-	130	-	130
71500	Other Revenue	121,527	1,550	-	123,077	-	123,077
71600	Gain or Loss on Sale of Capital Assets	-	1,550	-	1,550	-	1,550
72000-010	Housing Assistance Payment	-	387	-	387	-	387
72000-020	Administrative Fee	-	-	-	-	-	-
72000	Investment Income - Restricted	-	387	-	387	-	387
7000	Total Revenue	1,349,625	928,026	-	2,277,651	-	2,277,651
91100	Administrative Salaries	105,759	36,338	-	142,097	-	142,097
91200	Auditing Fees	10,868	4,658	-	15,526	-	15,526
91300	Management Fee	-	-	-	-	-	-
91310	Book-Keeping Fee	-	-	-	-	-	-
91400	Advertising and Marketing	190	74	-	264	-	264
91500	Employee Benefit Contributions - Administrative	58,416	7,352	-	65,768	-	65,768
91600	Office Expense	28,452	14,268	-	42,720	-	42,720
91700	Legal Expense	9,462	-	-	9,462	-	9,462
91800	Travel	24,392	14,130	-	38,522	-	38,522
91810	Allocated Overhead	-	-	-	-	-	-
91900	Other	10,904	8,510	-	19,414	-	19,414
91000	Total Operating - Administrative	248,443	85,330	-	333,773	-	333,773
92000	Asset Management Fee	-	-	-	-	-	-
92100	Tenant Services - Salaries	-	-	-	-	-	-
92200	Relocation Costs	-	-	-	-	-	-
92300	Employee Benefit Contributions - Tenant Services	-	-	-	-	-	-
92400	Tenant Services - Other	878	-	-	878	-	878
92500	Total Tenant Services	878	-	-	878	-	878
93100	Water	24,168	-	-	24,168	-	24,168
93200	Electricity	15,008	-	-	15,008	-	15,008
93300	Gas	-	-	-	-	-	-
93400	Fuel	-	-	-	-	-	-
93500	Labor	-	-	-	-	-	-
93600	Sewer	-	-	-	-	-	-
93700	Employee Benefit Contributions - Utilities	28,688	-	-	28,688	-	28,688
93800	Other Utilities Expense	-	-	-	-	-	-
93000	Total Utilities	67,864	-	-	67,864	-	67,864
94100	Ordinary Maintenance and Operations - Labor	121,325	-	-	121,325	-	121,325
94200	Ordinary Maintenance and Operations - Materials and Other	76,316	-	-	76,316	-	76,316
94300-010	Ordinary Maintenance and Operations Contracts - Garbage and Trash Removal Contracts	24,521	-	-	24,521	-	24,521
94300-020	Ordinary Maintenance and Operations Contracts - Heating & Cooling Contracts	493	-	-	493	-	493
94300-030	Ordinary Maintenance and Operations Contracts - Snow Removal Contracts	-	-	-	-	-	-

Housing Authority of The City of Sulphur
Sulphur, Louisiana

FINANCIAL DATA SCHEDULE
For the Year Ended December 31, 2008

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost Center	Subtotal	Elimination	Total
94300-040	Ordinary Maintenance and Operations Contracts - Elevator Maintenance Contracts	-	-	-	-	-	-
94300-050	Ordinary Maintenance and Operations Contracts - Landscape & Grounds Contracts	4,391	-	-	4,391	-	4,391
94300-060	Ordinary Maintenance and Operations Contracts - Unit Turnaround Contracts	4,700	-	-	4,700	-	4,700
94300-070	Ordinary Maintenance and Operations Contracts - Electrical Contracts	222	-	-	222	-	222
94300-080	Ordinary Maintenance and Operations Contracts - Plumbing Contracts	8,831	-	-	8,831	-	8,831
94300-090	Ordinary Maintenance and Operations Contracts - Extermination Contracts	2,621	-	-	2,621	-	2,621
94300-100	Ordinary Maintenance and Operations Contracts - Janitorial Contracts	1,365	-	-	1,365	-	1,365
94300-110	Ordinary Maintenance and Operations Contracts - Routine Maintenance Contracts	-	-	-	-	-	-
94300-120	Ordinary Maintenance and Operations Contracts - Misc Contracts	100,127	-	-	100,127	-	100,127
94300	Ordinary Maintenance and Operations Contracts	147,471	-	-	147,471	-	147,471
94500	Employee Benefit Contributions - Ordinary Maintenance	65,762	-	-	65,762	-	65,762
94000	Total Maintenance	410,874	-	-	410,874	-	410,874
95100	Protective Services - Labor	-	-	-	-	-	-
95200	Protective Services - Other Contract Costs	16,560	-	-	16,560	-	16,560
95300	Protective Services - Other	-	-	-	-	-	-
95500	Employee Benefit Contributions - Protective Services	-	-	-	-	-	-
95000	Total Protective Services	16,560	-	-	16,560	-	16,560
96110	Property Insurance	51,360	-	-	51,360	-	51,360
96120	Liability Insurance	14,549	1,508	-	16,057	-	16,057
96130	Workmen's Compensation	17,828	1,566	-	19,394	-	19,394
96140	All Other Insurance	5,377	2,946	-	8,323	-	8,323
96100	Total Insurance Premium	89,114	6,020	-	95,134	-	95,134
96200	Other General Expenses	-	-	-	-	-	-
96210	Compensated Absences	18,636	2,052	-	20,688	-	20,688
96300	Payments in Lieu of Taxes	25,441	-	-	25,441	-	25,441
96400	Bad Debt - Tenant Rents	15,634	-	-	15,634	-	15,634
96500	Bad Debt - Mortgages	-	-	-	-	-	-
96600	Bad Debt - Other	-	-	-	-	-	-
96800	Severance Expense	-	-	-	-	-	-
96000	Total Other General Expenses	59,711	2,052	-	61,763	-	61,763
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-
96730	Amortization of Bond Issue Costs	-	-	-	-	-	-
96700	Total Interest Expense and Amortization Cost	-	-	-	-	-	-
96900	Total Operating Expenses	893,444	93,402	-	986,846	-	986,846
97000	Excess Operating Revenue over Operating Expenses	456,181	834,624	-	1,290,805	-	1,290,805
971000	Extraordinary Maintenance	-	-	-	-	-	-
97200	Casualty Losses - Non-Capitalized	48,494	-	-	48,494	-	48,494
97300-010	Mainstream 1 & 5 Year	-	-	-	-	-	-
97300-020	Home - Ownership	-	-	-	-	-	-
97300-025	Litigation	-	-	-	-	-	-
97300-030	Hope IV	-	-	-	-	-	-
97300-035	Moving to Work	-	-	-	-	-	-
97300-040	Tenant Protection	-	-	-	-	-	-
97300-050	All Other	-	428,895	-	428,895	-	428,895
97300	Housing Assistance Payments	-	828,945	-	828,945	-	828,945
97350	HAP Portability - In	-	-	-	-	-	-
97400	Depreciation Expense	353,192	133	-	353,325	-	353,325
97500	Fraud Losses	-	-	-	-	-	-
97800	Dwelling Units Rent Expense	-	-	-	-	-	-
9080	Total Expenses	1,295,130	922,480	-	2,217,610	-	2,217,610
10010	Operating Transfers In	-	-	-	-	-	-
10020	Operating Transfers Out	-	-	-	-	-	-
10030-010	Not for Profit	-	-	-	-	-	-
10030-020	Partnership	-	-	-	-	-	-
10030-030	Joint Venture	-	-	-	-	-	-
10030-040	Tax Credit	-	-	-	-	-	-
10030-050	Other	-	-	-	-	-	-
10030-060	Other - Comment	-	-	-	-	-	-
10030	Operating Transfers from / to primary government	-	-	-	-	-	-
10040	Operating Transfers from / to component unit	-	-	-	-	-	-
10070	Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-
10080	Special Items, Net Gain/Loss	-	-	-	-	-	-
10091	Inter Project Excess Cash Transfer In	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer Out	-	-	-	-	-	-
10093	Transfers between Programs and Projects - In	-	-	-	-	-	-
10094	Transfers between Programs and Projects - Out	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-
1000	Excess-Deficiency of Operating Revenue Over (Under) Expenses	\$ 54,485	\$ 5,546	\$ -	\$ 60,041	\$ -	\$ 60,041

Housing Authority of The City of Sulphur
Sulphur, Louisiana

FINANCIAL DATA SCHEDULE
For the Year Ended December 31, 2008

Line Item No.	Account Description	Project Totals	Program Totals	Central Office Cost		Elimination	Total
				Center	Subtotal		
11020	Required Annual Debt Principle Payments	-	-	-	-	-	-
11030	Beginning Equity	-	\$ 3,881,004	\$ 124,594	\$ 161,967	194,643	\$ 4,362,208
11040-010	Prior Period Adjustments and Correction of Errors - Editable	-	42,070	-	42,070	-	42,070
11040-020	Prior Period Adjustments and Correction of Errors - Editable	-	526	-	526	-	526
11040-030	Prior Period Adjustments and Correction of Errors - Editable	-	(4,317)	-	(4,317)	-	(4,317)
11040-040	Prior Period Adjustments and Correction of Errors - Editable	-	-	-	-	-	-
11040-050	Prior Period Adjustments and Correction of Errors - Editable	-	-	-	-	-	-
11040-060	Prior Period Adjustments and Correction of Errors - Editable	-	-	-	-	-	-
11040-070	Equity Transfers	-	898,245	-	898,245	-	898,245
11040-080	Equity Transfers	(898,245)	-	-	(898,245)	-	(898,245)
11040-090	Equity Transfers	-	-	-	-	-	-
11040-100	Equity Transfers	-	-	-	-	-	-
11040-110	Equity Transfers	-	-	-	-	-	-
1010	Prior Period Adjustments, Equity Transfers, and Correction of Errors	(898,245)	936,524	-	38,279	-	38,279
11170-001	Administrative Fee Equity - Beginning Balance	-	142,798	-	142,798	-	142,798
11170-010	Administrative Fee Revenue	-	52,062	-	52,062	-	52,062
11170-020	Hard to House Fee Revenue	-	-	-	-	-	-
11170-021	FSS Coordinator Grant	-	-	-	-	-	-
11170-030	Audit Costs	-	-	-	-	-	-
11170-040	Investment Income	-	1,033	-	1,033	-	1,033
11170-045	Fraud Recovery Revenue	-	48	-	48	-	48
11170-050	Other Revenue	-	1,550	-	1,550	-	1,550
11170-051	Comment for Other Revenue	-	-	-	-	-	-
11170-060	Total Admin Fee Revenues	-	54,692	-	54,692	-	54,692
11170-080	Total Operating Expenses	-	46,701	-	46,701	-	46,701
11170-090	Depreciation	-	67	-	67	-	67
11170-095	Housing Assistance Portability In	-	-	-	-	-	-
11170-100	Other Expenses	-	-	-	-	-	-
11170-101	Comment for Other Expense	-	-	-	-	-	-
11170-110	Total Expenses	-	46,768	-	46,768	-	46,768
11170-002	Net Administrative Fee	-	7,925	-	7,925	-	7,925
11170-003	Administrative Fee Equity - Ending Balance	-	150,723	-	150,723	-	150,723
11170	Administrative Fee Equity	-	150,723	-	150,723	-	150,723
11180-001	Housing Assistance Payments Equity - Beginning Balance	-	60,213	-	60,213	-	60,213
11180-010	Housing Assistance Payment Revenues	-	424,718	-	424,718	-	424,718
11180-015	Fraud Recovery Revenues	-	48	-	48	-	48
11180-020	Other Revenue	-	-	-	-	-	-
11180-021	Comment for Other Revenue	-	-	-	-	-	-
11180-025	Investment Income	-	387	-	387	-	387
11180-030	Total HAP Revenues	-	425,152	-	425,152	-	425,152
11180-080	Housing Assistance Payments	-	428,895	-	428,895	-	428,895
11180-090	Other Expenses	-	-	-	-	-	-
11180-091	Comments for Other Expense	-	-	-	-	-	-
11180-100	Total Housing Assistance Payments Expenses	-	428,895	-	428,895	-	428,895
11180-002	Net Housing Assistance Payments	-	(3,743)	-	(3,743)	-	(3,743)
11180-003	Housing Assistance Payments Equity - Ending Balance	-	56,470	-	56,470	-	56,470
11180	Housing Assistance Payments Equity	-	56,470	-	56,470	-	56,470
11190-210	Total ACC HCV Units	-	1,296	-	1,296	-	1,296
11190-220	Unfunded Units	-	-	-	-	-	-
11190-230	Other Adjustments	-	-	-	-	-	-
11190	Unit Months Available	2,376	1,296	-	3,672	-	3,672
11210	Units Months Leased	2,278	1,153	-	3,431	-	3,431
11270	Excess Cash	1,061,129	-	-	1,061,129	-	1,061,129
11610	Land Purchases	-	-	-	-	-	-
11620	Building Purchases	282,750	-	-	282,750	-	282,750
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	6,201	-	-	6,201	-	6,201
11650	Leasehold Improvements Purchases	-	-	-	-	-	-
11660	Infrastructure Purchases	-	-	-	-	-	-
13510	CFEP Debt Service Payments	-	-	-	-	-	-
13901	Replacement Housing Factor Funds	-	-	-	-	-	-

Housing Authority of the City of Sulphur
Sulphur, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2008

Federal Grantor/Pass-through Grantor/Program Name	1/1/08 - 12/31/08 Grants CFDA Number	Expenditures
Department of Housing and Urban Development:		
PHA Owned Housing	14.850	\$ 510,782
Public Housing Capital Fund	14.872	378,367
Section 8 Moderate Rehabilitation	14.856	362,000
Section 8 Housing Choice Vouchers	14.871	476,780
Shelter Plus Care Renewal	14.238	83,177
		<u>\$ 1,811,106</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**Housing Authority of the City of Sulphur
Sulphur, Louisiana**

**Notes to the Schedule of Federal Financial Assistance
December 31, 2008**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of all federal awards programs of the Housing Authority of the City of Sulphur (the Authority). The Authority's reporting entity is defined in Note 1 of the notes to the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Authority's basic financial statements.

Note 3 - Relationship to Basic Financial Statements

Federal award revenues are reported in the Authority's basic financial statements as follows:

<u>Federal Sources</u>	<u>Amount</u>
General	\$ 510,782
Section 8	921,957
Capital Fund - General	378,367
	<u>\$ 1,811,106</u>

Note 4 - Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Board of Commissioners
Housing Authority of the City of Sulphur
Sulphur, Louisiana

We have audited the financial statements of each major fund and the aggregate remaining fund information of the Housing Authority of the City of Sulphur, as of and for the year ended December 31, 2008, which collectively comprise the Housing Authority of the City of Sulphur's basic financial statements and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Sulphur's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the City of Sulphur's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Sulphur's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Housing Authority of the City of Sulphur's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Housing Authority of the City of Sulphur's financial statements that is more than inconsequential will not be prevented or detected by the Housing Authority of the City of Sulphur's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Housing Authority of the City of Sulphur's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any certain deficiencies in internal control that we consider to be a material weaknesses, as defined above.

Members

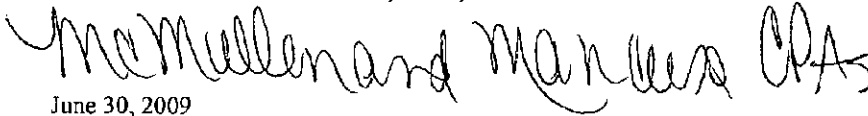
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Sulphur's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board, federal awarding agencies, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

MCMULLEN AND MANCUSO, CPAs, LLC

A handwritten signature in cursive script that reads "McMullen and Mancuso CPAs". The signature is written in dark ink and is positioned above the date.

June 30, 2009

McMullen and Mancuso

Certified Public Accountants, LLC

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
Housing Authority of the City of Sulphur
Sulphur, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Sulphur with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Housing Authority of the City of Sulphur's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Sulphur's management. Our responsibility is to express an opinion on the Housing Authority of the City of Sulphur's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Sulphur's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Housing Authority of the City of Sulphur's compliance with those requirements.

In our opinion, the Housing Authority of the City of Sulphur complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Housing Authority of the City of Sulphur is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Sulphur's internal control over compliance with the requirements that

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could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Sulphur's internal control over compliance.

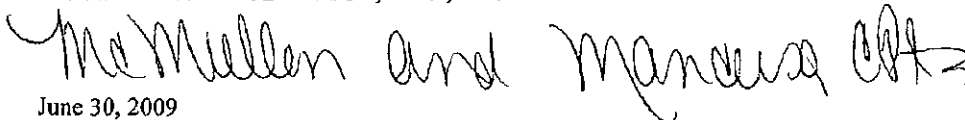
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Housing Authority of the City of Sulphur's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board, federal awarding agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

MCMULLEN AND MANCUSO, CPAs, LLC

The signature is handwritten in dark ink, appearing to read 'McMullen and Mancuso' followed by a stylized flourish or initials.

June 30, 2009

Housing Authority of the City of Sulphur
Sulphur, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2008

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Housing Authority of the City of Sulphur.
2. There were no significant deficiencies in internal control required to be disclosed by *Government Auditing Standards* issued by the Comptroller General of the United States.
3. There were no instances of noncompliance considered material, as defined by the *Government Auditing Standards*, to the financial statement.
4. There were no significant deficiencies in internal control over major federal award programs required to be disclosed during the audit.
5. The auditors' report on compliance for the major federal award programs for the Housing Authority of the City of Sulphur expresses an unqualified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major program included:
 - Lower Income Housing Assistance Program – Section 8 Moderate Rehabilitation – CFDA 14.856
 - Section 8 Housing Choice Voucher Program – CFDA 14.871
8. The threshold for distinguishing Types A and B programs was 300,000.
9. The Housing Authority of the City of Sulphur was determined to be a low risk auditee.

Housing Authority of the City of Sulphur
Sulphur, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2008

Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section 3510(a):

There were no current year audit findings.

Housing Authority of the City of Sulphur
Sulphur, Louisiana
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2008

Findings related to financial statements which are required to be reported in accordance with Governmental Auditing Standards generally accepted in the United States of America:

There were no current year audit findings.

Housing Authority of the City of Sulphur
Sulphur, Louisiana
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008

Finding – Financial Statement Audit

2007-01 Lack of Proper Review of the Financial Statements by Management

Criteria: There should be effective oversight of financial reporting and internal control by those charged with governance.

Condition: The Authority did not perform an adequate review of the unaudited financial statements before they were released. Frenchman's Creek Limited Partnership, a component entity of the Sulphur Housing Authority, was not reported in the financial statements.

Current Status: Resolved.